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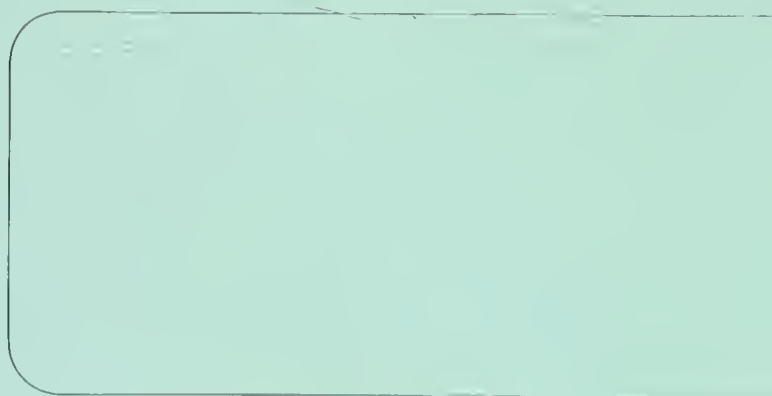
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**SOCIAL REPORTING--THE PRESENT STATE IN
WEST GERMANY, AUSTRIA AND SWITZERLAND**

Hanns-Martin W. Schoenfeld

#311

**College of Commerce and Business Administration
University of Illinois at Urbana-Champaign**



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by

Hanns-Martin W. Schoenfeld

Professor of Accountancy and Business Administration
University of Illinois at Urbana-Champaign

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I. Introduction

In recent years social accounting and reporting on social responsibilities seems to be a particular concern to accountants in the United States. This development in the United States, however, has overlooked to some extent that there have been similar developments in other countries which should not be totally ignored because they may provide additional inputs for the current discussion.

It has to be recognized that management's attitude in Central Europe during early decades of industrialization was much more paternalistic. At the same time, competition for employees was highly regionalized because of the limited mobility of the work force (the reasons are not discussed here in detail). Nevertheless, some enterprises began rather early to develop fringe benefit plans which ranged from housing, paid vacation, and health plans all the way to profit participation and co-ownership (Krupp for instance started his welfare measures about 1860; the Carl Zeiss AG, formerly Jena, had a co-ownership plan instituted in 1891 by Ernst Abbe, the son-in-law of the founder). All these measures went considerably beyond the then existing legal requirement.¹ Most of the benefits were granted out of recognition of a responsibility vis-a-vis the economically weaker group of employees.

The proliferation of fringe benefits, however, became rather far-reaching after World War II because at this time the idea of social responsibility of corporations (or independent entrepreneurs) moved into the foreground of public discussion. An additional strong impact came from the increasing scarcity of labor which created keen competition for employees; initially companies vied for highly skilled employees only, later the purpose changed to attract employees regardless of their specific qualifications. In addition,

the housing shortage (in Germany and Austria) after the war, the greater dependence of employees on their employers (because most of them had lost all their assets or savings during the war or its aftermath), together with a political climate stressing social responsibility contributed to an ever increasing number of fringe benefits. It should be realized, however, that with each "extra" several goals were pursued, namely to provide additional security by filling gaps in the structure of legal social measures, to establish closer ties between employer and employees, to cope with existing or arising social problems and last, not least, to create an environment which was conducive for continually increasing productivity. Developments in this respect, however, vary between Germany, Austria and Switzerland.

The variety of employee oriented payments which emerged in Germany from a combination of all the above causes are shown in Appendix I. Although amounts vary in different industries, labor overhead generally has reached the 52 percent mark and is rising faster than direct labor cost.² From this list, which does not rank measures by their importance, it becomes obvious that companies have been attempting to concurrently satisfy their economic as well as some general social goals; it is also obvious that social and company goals are not necessarily congruent but may be independent of each other or even in conflict. Naturally, areas with goal congruence have been more strongly emphasized in business actions.

Questions related to environmental protection have become more important during the last decade, although they are less of a political issue than in the United States; this is due to the fact that this area traditionally has been controlled more tightly by government agencies and that concern with full employment and inflation has led to--widely accepted--delays. Nevertheless, the recent emphasis resulted in increased measures in this area.

Social measures are of concern to several groups. These are

- (1) Employees and/or their representative
- (2) Stockholders and owners
- (3) The general public.

Management is not classified separately as an interested party in this listing, because it is reasonable to assume that it must be informed internally. Employees, particularly in large companies, allegedly do not receive all the information beyond items which concern them directly; as a result, a formalized information or disclosure system seems to be needed. Attempts to provide such information have been made through various measures of labor legislation in Germany. To provide information to individual owners also does not pose a problem, because they are either identical with top management or are personally known and have direct access to most management information. However, the problem is different in cases of widely dispersed ownership, particularly since stockholders are not known to the company.³ In this instance, a formalized disclosure system as part of the annual report becomes important. The general public also has an interest in company affairs--at least this has been postulated on several grounds. It has even been recognized legally through the enactment of the so-called Publicity Law (Publizitätsgesetz), which requires annual reports to be published by companies of a certain size, even if these are not publicly held corporations.⁴ It remains an unresolved question, however, how strong and far-reaching the public interest actually is. Discussions in recent years suggest, that strong politically motivated interests exist which cannot be justified in strictly economic terms.⁵

If we assume that all the above interests are legitimate, then the question arises, which matters, in which format, and to what extent should be reported. Presently, there is no generally accepted answer, because the intensity of

interests of various groups is different and does not even concern the same information. Since the question of appropriate disclosure meeting all interests cannot be answered satisfactorily at this time, it appears justified--as a first step--to analyze which matters are actually reported.

II. Present State of Social Reporting

1. Legal Requirements

a. Reporting to employees.

In Germany this type of disclosure has its legal basis in the plant constitution law⁶ (Betriebsverfassungsgesetz) and the co-determination law (Mitbestimmungsgesetz), which regulate and formalize some of the relationships between employer and employees.⁶ These laws concern matters, which in the United States are usually covered by union contracts. These laws require shop-steward committees, employee representation on the board of directors, and in the case of the co-determination law a labor appointed vice-president in charge of personnel (Arbeitsdirektor). The decision-making power or participation in management decisions for each of the institutionalized groups (individuals) are regulated. Also, their right to request and receive specific information, going beyond matters concerning labor issues, is regulated. However, there is no requirement to disclose such information to outside groups. Furthermore, employees have to be informed about the economic situation of the company at general meetings of all employees (at least once annually). These laws do not standardize the format of reporting and are non-specific about information going beyond labors direct area of interest. The German regulations reach far beyond Austrian requirements and are in contrast with almost non-existing requirements in Switzerland.

b. Reporting to stockholders and the general public.

Due to the fact that bearer shares prevail, corporations in the three countries are required to publish or file annual reports. Information to be disclosed

is regulated by law; the German regulations are much farther reaching than Austrian (largely consisting of the old version of the German corporation law) and Swiss regulations (Code d'Obligations). However, social information is to be disclosed--if at all--only in the notes to annual reports. In Germany a so-called Erläuterungsbericht (explanatory report) interpreting financial data and a Lagebericht (report on situation of company) are required.⁷ Only the latter, explaining the development of business and the situation of the company as well as important matters occurring after the end of the fiscal year, usually contains social data. It is accepted practice to include a Sozialbericht (report on social matters); its contents is determined by management in view of its accountability responsibilities. This report serves the purpose to complete the picture of the company; according to the leading commentary on accounting, the following items may be of importance:⁸

"total workforce and details of its composition (blue collar workers, white collar workers, age distribution, foreign workers, labor turnover, etc.), changes in wages and working hours, collective labor contracts with important details, vacation rules, worker and apprentice training; company rental housing, employee housing subdivisions, vacation facilities; company health service and accident prevention; Christmas and year-end bonuses, anniversary payments, other supplementary payments, acquisition of property by employees, specifically details on employee shares, profit sharing by employees, allocations to pension, welfare and supplementary assistance funds."

However, none of these items is required. This report usually forms part of the annual report under the heading "Employees" or "Work Force" and is subject to auditing by public accountants. Recently more and more companies publish an additional report--going beyond these matters--which, however, is not audited, if it is not a part of the annual report.

In addition the Akt.G. requires in §159, that pensions actually paid (even if generated by a legally separate company pension fund) as well as

expected pension payments due for the next five fiscal years must be reported; future payments need to be stated only as percentages of this years' totals. Pension reserves have to be shown at the discounted cash value as separate items according to §156,2. Payments made to the board of directors or former members and their survivors and members of top management (management board) have to be shown separately (§160,3). Again, legal requirements in Austria and Switzerland, particularly with respect to reporting on social matters, are less stringent or non-existent.

Development expenditures cannot be capitalized--with the exception of some development cost (§155)--; the same holds--again with a few exceptions--for patents or other rights which were developed by the company. There is also no requirement to report on these in the notes to the annual financial statements. In addition, there are no requirements to report on matters concerning the environment, with the exception that such equipment has to be capitalized if acquired as an asset.

Given these reporting requirements, it must be concluded that actual reporting largely rests with a voluntary disclosure decision by management and the board of directors; no uniformity can be expected, particularly since many issues aroused interest only recently and individual items often defy measurement.

2. Reporting Practice

a. Methods used for assessment.

Since legally required reporting on social matters does not exist presently in either one of the three countries the analysis of reporting practice had to be confined to companies, which publish data on a voluntary basis. To define social reporting, Estes'⁹ approach to include disclosure of social resource which constitute a positive value to society, any benefits

which may be derived by society as well as items representing a sacrifice by society was selected for this analysis. This wide definition was chosen to capture all emerging trends which may point to future social reporting systems. All items appearing normally in financial statements were excluded, even if these have definite social implications. However, if such items are different from U.S. practice, these will be mentioned.

Disclosure of social accounting items is voluntary and presently not very widespread. A quantitative analysis would, therefore, have not yielded any insights other than the confirmation of the obvious. Consequently, a qualitative approach was chosen, attempting to analyze the statements of companies known as "progressive" in this area. In addition, some well-known companies were added at random, thus rounding out the picture. The determination of companies with a progressive social accounting image was made with the assistance of scholars and CPAs from the respective countries. Initially, 20 German, 12 Swiss and 8 Austrian companies were scheduled for analysis. Because inspection of financial reports did not provide new types of information, these numbers were reduced to 16, 9 and 6 respectively; the companies analysed are listed in Appendix II. In spite of the small sample size it appears that all major reporting trends in the three countries are included in this report. As with any qualitative sample, the companies selected are not representatives for the entire industry of a country; they rather come from selected sectors where interest in social reporting has received major outside impulses (as for example in the chemical industry). Since worldwide consolidated financial statements are not required, the segment included in the financial report is sometimes limited to domestic operations only. In some cases subsidiaries as well as parent companies are both included in the analysis; this proved necessary, because of differences in

reporting, usually revealing more details at the subsidiary level due to a lesser degree of aggregation.

The emphasis in the analysis was placed on published material sent by the company on special request; consequently, the material was not necessarily limited to audited reports, because several companies publish reports which are not part of their annual report and, therefore, are not audited. This selection became necessary, because new trends are displayed more often in unaudited reports. This is due to a willingness of the company to disclose such information and a hesitation on the part of the accounting profession to certify unusual information, for which generally accepted auditing practices do not exist. The absence of a need for certification also keeps auditing cost lower, which otherwise might curtail developing trends of disclosure in experimental areas.

The time period from 1972 to 1974 was chosen to assure up-to-date results. Since annual reports in Europe often appear with a considerable time lag, more recent reports were not available during the second half of 1975, particularly since elaborate quarterly or semi-annual reports are not customary.

b. Survey Results

Since mostly companies with a reputation for serious attempts to report social data were selected, a fairly substantial part of the annual reports contained such data. If defining socially relevant data as stated above, the following segments of individual reports can be regarded as having social implications.

	Average Size (Percentages) of Social Report	Range		Changes in Size During 1972-1974	
		From	To	Increase	Decrease
Germany (16 companies)	6.6%	3.1%	19.4%	4	1
Switzerland (9 companies)	8.9%	2.1	26.5	0	4
Austria (6 companies)	8.6%	4.0	16.5	0	0

Table 1: Size of Reporting Segments in Annual Report

Since annual reports are devoted largely to financial items and are addressed to shareholders, usually only limited space is assigned to social reports. Therefore, several German companies publish separate reports concerned with Personnel or other matters (Appendices IV - XII); these special reports are not contained in the above percentages.

The lack of uniformity in reporting often resulted in widely different disclosure by companies, ranging from general remarks to considerable details, sometimes displayed as statistics, sometimes as graphs. Therefore, it became necessary to list a large number of comments, which were subsequently grouped together under several classifications. The results of the evaluation of audited annual reports are displayed as a summary in Appendix III, which does not explicitly identify companies.¹¹

The classification, which emerged on the basis of different items contained in the various reports, is shown in table 2.

Class of Reported Items	Number of different items mentioned Totals	Appearance of Different Items in Various Countries		
		Germany	Switzerland	Austria
I. General personnel policy	22	12	14	4
II. Size of work force, distribution among various groups, recent changes	12	10	7	5
III. Employment of foreign workers	3	3	2	1
IV. Labor cost	13	11	6	6
V. Working conditions	10	10	2	1
VI. Training and Development	20	15	12	6
VII. Fringe benefits - general	22	19	10	10
VIII. Employee Health Services	9	9	1	--
IX. Company pension plans	10	8	4	5
X. Company housing	10	9	3	2
XI. Employee ownership of property	4	4	1	--
XII. Labor representation	6	5	2	--
XIII. Communications with employees	8	7	3	--
XIV. Stockholder relations	6	6	--	--
XV. Research and development	12	9	7	4
XVI. Environmental matters	22	19	10	1
XVII. Miscellaneous items	15	7	8	2

Table 2: Total Number of Items Reported - Overall and per Country

For purposes of this analysis, all issues mentioned were counted as separate items, regardless whether these appeared in one sentence, or constitute a whole paragraph and were amplified by additional data and charts. The fact, that German companies seem to report more items than either Swiss or Austrian companies is attributable to the German social legislation, which presently covers many areas in greater detail (for example: employee health services, accumulation of property by employees through the aid of tax exempt additional payments, labor representation, working conditions, etc.); this seems to lead directly to the inclusion of such items in annual reports.

A comparison of details contained in various reports, however, shows the previously mentioned wide variety of approaches which can generally be ranked as ranging from mere public relations oriented remarks to a genuine attempt of disclosure. It should be noted also, that short or even detailed comments were given mostly in years of change, thus indicating an ad-hoc rather than a continuous approach.

Special reports specifically concerned with personnel matters are issued only in Germany; these facilitate more adequate and less aggregated disclosure, because the group of users is more homogenous in interest. The details contained in these reports are summarized in Appendices IV to VIII. These reports show a much greater consistency over time, although ad-hoc inclusion of important matters is still noticeable (see Appendix V). However, available reports indicate a tendency to relate items selected for reporting to the overall trend in governmental social policy, and attempt to describe the status of the company within the larger framework of employment-related social goals. These special reports represent also a certain amount of duplication because in several cases segments of the annual report are reproduced and interpreted for the company employees.

In addition to reports designed for employees, a second type of information is presented either as part of the annual report (see Appendix IX) or as a set of irregularly published special reports (see Appendix X). In these statements important aspects of company policy or some functions of the company in society are elaborated, thus trying to generate a better understanding for its task. These comments appear to be similar in nature--although further ranging--to segments of annual reports describing R and D activities. All can be characterized as attempts to describe a noteworthy contribution (or advance) to the activities of the organization and thus indirectly to the economy at large. The selection, however, is based on managements' perception of problems which require urgent solutions. All these comments are different from disclosures concerning environmental protection, because they concentrate on active contributions and not only on statements of compliance with imposed requirements.

In summary it can be stated that within the above mentioned XVII classes of items reported (see table 2 and Appendix III), the following specific details appear to be of importance, because these are different from the traditional reporting practice (see table 3).

Reporting on employment has concentrated already on specific details; this approach can be classified as an attempt to provide nonfinancial measurements. In the case of working conditions a serious attempt is made to verbally describe issues of societal concern, particularly in reports directly addressed to employees. In most cases new or unusual items are mentioned only occasionally, but the fact, that these appear at all point to a reporting need perceived by management. It can be hypothesized, that such activities occur more frequently than actually reported. Reporting entities may refrain, however, from making statements, because these comments are not

Class	#	Item	Times Mentioned	Reason for Note- worthiness
I	2,3	acknowledgement of service potential of older employees	5	acknowledgement of specific business resource
I	16	policy of equal treatment of nationals and non-nationals	2	attempt to decrease discrimination
I	18	adjustment of company policy for subsidiaries to national policy of host countries	1	basic policy issue
I	19	personnel policy problems created by emerging nationalism	6	political implications
I	22	implications of future legislation for traditional property concept	1	political implication
II	2 (a-f)	distribution of employees (various groupings)	94	attempt at full disclosure of human resources
V	2	changes in labor cost and overhead (giving reason)	52	improved disclosure of cost structure
IV	9	contribution of labor to value added	2	showing labor contributions together with all other contributions
V	3	improvements in working conditions (details provided)	51	disclosure of special company efforts
VI	17	data about formal education background of employees	2	participation of company in national resources
VI	18	number and utilization of company-employed social workers	2	disclosure of attempts to discharge societal function of company

Class	#	Item	Times Mentioned	Reason for Note- worthiness
VII	1	health services provided	8	"-
IX	1-10	details about pension plans	70	disclosure of care for former employees
X	6 (a+b)	distribution of company housing	6	disclosure of company efforts for special groups and areas
XI	1-4	employee ownership of property (particularly in Germany, because legally required)	46	disclosure of attempts to integrate employees more fully in economic process
XII	6	agreement with labor on areas of co-determination (Switzerland, where co-determination is not required by law)	1	"-
XIV	1-6	stockholder relations	11	attempts to show participation of outsiders in company
XVII	1	policy of integration of foreign subsidiaries into host country	2	basic policy issue
XVII	3	political issues facing management (seminars)	1	function of company in pluralistic society
XVII	4	statement of functions of business in society	1	functions of company in pluralistic society
XVII	5	public information activities to combat anti-business attitudes	1	"-
XVII	11	company financed foundation rendering services to scientific community	4	public service
XVII	15	financial aid to students	1	public service

Table 3: Disclosure of Noteworthy Items

customary. Since such items tend to improve the overall understanding of events, such reporting practice should be encouraged--even if it is still controversial.

A quantitative analysis undertaken by Brockhoff,¹² based on 1973 annual reports of a sample of 300 German companies substantiates the above findings. There is a general tendency to render a so-called "social report" (meaning by and large to report on employment, fringe benefits and other matters); however, additional attempts to report on R & D, production quality and environmental impact are noticeable, although not nearly as widespread. Only 29.9% of the corporations do not show such a section, whereas 38.4% of non-corporations omit this part. However, the picture is not uniform, because some sectors of industry (energy, mining, chemicals, and equipment) show a higher incidence (over 80%) of reporting on social measures. Brockhoff's sample indicates also, that there is a wide variety of reporting attempts, ranging from a simple listing to statements of total expenses, designation of recipients, number of recipients, as well as specification of expense components.¹³ Certain special items which were of major importance to attract employees during past decades, such as employee housing, education of apprentices, and retirement benefits are reported most often. Employment security is also frequently mentioned, however, this has become an item of major interest rather recently.

If the above results are compared with available analyses of U.S. companies¹⁴ it appears that the definition of social reporting is somewhat different in the U.S., because matters concerning company employees are not stressed to the same extent, whereas issues of societal concern (environmental controls, minority employment and aid to the disadvantaged, community activities, and consumer affairs) are more frequently mentioned. The fact

that for 1973 a total of 298 companies from the Fortune 500 list attempt this kind of disclosure (an increase of 59 over 1971) suggests an increase of concern with such matters. It is also obvious that the emphasis selected by the reporting companies seems to be a direct result of recent concerns voiced by the public at large. Such an interpretation does explain not only the different emphasis between Germany (largely employee centered reports) and the USA (environment, community, and minority centered), but also the fact that some of the Swiss companies, otherwise not particularly noted for disclosure, show a pattern fairly close to the U.S. approach. The latter seems to be induced by the fact, that some of the Swiss companies analysed (i.e., Ciba-Geigy, Nestle, Hoffmann--LaRoche) are multinationals responding to influences exerted largely by several national environments.

3. Development of Social Balance Sheets

The most advanced attempts in social reporting, which indicate possible trends for future developments, can be found largely in unaudited special reports of German companies; neither the results from Switzerland nor from Austria show patterns different or innovative compared to U.S. companies. An important development is the first publication of a "Social Balance Sheet" by the STEAG AG for the year 1972/73 and a similar report by the SAARBERGWERKE AG for fiscal 1973 (Appendix XI and XII). Both reports distinguish between internal and external relationships, thus classifying the emphasis of various measures. The SAARBERGWERKE report, in addition, elaborates considerably on services rendered to employees, thus adopting a reporting format which is similar to reports rendered by other companies to their employees (see Appendices IV - VIII).

Both 'Social Balance Sheets' are misnomers, because the emphasis is on expenses; unfortunately, no distinction is made between expenditures to be capitalized and expenses, which expire during the reporting period. It

can also be criticized, that a differentiation between legally and contractually required payments or investments and others of a purely voluntary nature--although implicit--has not been made very clear. However, both reports attempt to systematically arrange society related expenses.

The fact, that monetary measures for the benefit (or revenue) side of the account are missing, should not be criticized, because the difficulty of measurement, not even settled in theory, cannot be overcome adequately at this time. STEAG, however, makes an attempt to verbally indicate the thrust of its measures, whereas SAARBERGWERKE refrains from such comments. This omission appears understandable, however, as long as neither goals nor the impact of such measures on society are quantifiable.

The STEAG approach shows a change from 1972/73 to 1974 by initially stating increases in wages and salaries only and reverting to the more obvious disclosure of totals in the second year. In the overall context, reporting of totals as contributions to society seems justified, because changes represent only adjustments or improvements without fully describing the total contribution towards consumer income. By comparing totals of consecutive fiscal years, increases or decreases will become apparent in any case. Their causes should be stated explicitly, as done by STEAG in the case of salary or wage adjustments.

Both attempts must be classified as a regrouping of financial accounting data by developing special reports containing all expenses which are regarded as socially relevant (in view of the current discussion). It is obvious, that such results could also be accomplished by regrouping expense data within traditional income statements.¹⁵ Without doubt, such a regrouping can be considered as a contribution towards improved disclosure, even without changing present accounting procedures substantially. It, therefore,

should be adopted more widely, even if it falls short of the further reaching socio-economic operating statements as suggested by Linowes¹⁶ because it clearly does not show detriments to society, nor is it as ambitious as the comprehensive Estes model.¹⁷ Nevertheless, German 'social balance sheets' represent an immediate pragmatic solution, thus avoiding measurement problems still unresolved.

If such a social balance sheet can be joined together with reports rendered to employees (or similar details were provided in footnotes beyond the abbreviated comments presently used) at least an in-depth assessment of company policy in the human resource sector is made possible. For example, age distribution, seniority, and educational classification of the entire work force are important dimensions usually missing in traditional reports; such data are, however, available and could even be audited without particular difficulties.

The separation of social expenditures into areas of 'internal' and 'external' relations is important, because the degree of control by the company over individual activities varies considerably. This is particularly true with respect to benefits, because in the case of external relations the group of beneficiaries is difficult to define. The inclusion of R and D expenses, public relations and taxes in 'external relations' even suggest, that an additional subclass of expenditures is needed. For R & D and public relations it can be argued, that to a large extent the company is benefiting, whereas in the case of taxes benefits to the public at large occur.

Another major deficiency of social balance sheets is the fact that only expenditures are reported without showing their relationships to present internal goals or outside demands imposed on the company. An example for this shortcoming is apparent in the disclosure of current pensions payments

only; this is remedied only partially by the indication of pension payments for the next five years (as percentages of the present payments) and by the inclusion of pension reserves in financial statements. Total estimated obligations arising from present pension promises are not shown in full; consequently, an assessment of goal attainment in view of the overall obligation remains impossible. A statement about future obligations--as for example suggested by Ernst & Ernst¹⁸--would substantially improve this situation.

III. Deficiencies of Social Reporting and Suggestions for Improvement

The social reporting attempts found in the three European countries included in this study suggest strongly that presently no break-through has been achieved in overcoming the major problems inherent in this area.

First of all it must be observed, that today's reports can be classified as simply a response to outside information pressures, which in turn are unsystematic and lack specified goal identification. Management's response as a consequence represents an ad-hoc reporting scheme, which mostly reclassifies existing data in terms which demonstrate corresponding efforts presently undertaken. Such data often are shown as aggregated amounts which do not reveal much additional information. The selection of additional details reported are strictly based on management's assumptions concerning the degree of interest by the users of such reports. If, for example, pension expenditures are reported, eligibility rules to receive such benefits are not included. However, information of employees does require such detail (usually provided in additional brochures¹⁹), whereas stockholders or the public at large may not be interested beyond receiving information about the overall magnitude of such efforts. Many social benefits are also not fully assessed as to their impact; this is understandable, because in cases

such as employee housing, the company and its stockholders are interested largely in the total cost of this effort. It is obvious also, that total benefits to society might be measured more appropriately by reporting the total number of people (including dependents) adequately housed. Given these information needs, it cannot be expected that any single report presently existing will cover all such goal-dependent information needs. To advance towards a more satisfactory reporting scheme, it seems indispensable to assess information needs (or demands) of all parties previously mentioned. Since this appears almost impossible in a pluralistic society, there seems little reason to expect presently anything else than an unsystematic ad-hoc reporting largely initiated by actions of management which in turn are responses to 'perceived' needs of user group.

If no goal oriented reporting seems to be possible at present, then at least an effort should be made to institute a reporting scheme which is consistent and systematic over time. In spite of measurement difficulties, which permit only partial and fractured measurements²⁰ in different dimensions, the development of such measurements over time appear feasible, as demonstrated in the social balance sheets of the two companies. This approach at least permits an assessment of trends; even if only aggregate expenses on an ex post basis are used as a common denominator for all actions, such a first step must be regarded as considerable progress.

A further step could be the definition of goals which are set by the reporting group--in this case management. If such goals (i.e., target values for noise levels, dust pollution, or targets for desired retirement income levels) were known for the actions reported, than at least the degree of goal attainment could be assessed in particular cases. In addition, a clear distinction between required (contractually or legally enforced) vs. voluntary

actions seems desirable and practically feasible. However, to demand a comparison with a so-called optimal resource allocation seems to go too far, because it cannot be assumed that such solutions are known and agreed upon.

To further improve reporting, even if only available measures are used, a separation of assets (and liabilities) from operating expenses (or revenues in the form of benefits) appears desirable and feasible. All social expenditures which do not expire during a given fiscal period should be treated as assets; to be consistent, corresponding liabilities (and contingent liabilities) should be included (as for example in the case of pension plans). This approach would also permit to disclose as 'liabilities' future plans or commitments already assumed by the reporting entity. To balance such an account, although arithmetically possible, does not add much meaning, because a residual "social capital" or "socially relevant equity" can only be the result of reported details and does not constitute a real measurement of value. Disclosure of expired socially relevant expenses does not create particular difficulties. It, however, indicates only the magnitude of past efforts. The "benefits" of such efforts can only be enumerated but not measured reliably.

It must be concluded, that--notwithstanding present efforts--the problem is far from a solution. Nevertheless systematic improvements can be made, using presently available data and reporting patterns by utilizing an "inventory" approach for all social measures. In addition, the development of incomplete social balance sheets and social operating statements on the basis of conventional accounting can be undertaken. In spite of its serious shortcomings, it is still preferable to postponing reporting attempts entirely. Linowes observes already that "the biggest mistake we could make at this juncture is to try to design techniques which will fully

satisfy all dimensions."²¹ If one accepts his statement--which is almost inescapable given today's state of the art--then it follows that the suggested incomplete approach shows considerable promise.²² It is similar to the reports already rendered by STEAG and SAARBERGWERKE, however, introduces the additional distinction between balance sheets and operating statements into social reports. Such attempts could be amended and further systematized by plotting in a matrix the company's social activities against interested groups which are affected by such activities.²³ This in turn would permit the identification of individuals or groups (of beneficiaries), whose specific information needs might serve as a basis for further improvements of existing reporting patterns.

IV. Appendices I - XII

Appendix I

Expenses for Employees

I. Payments for Services

1. Wages and payments for apprentices;
2. Salaries and payments for apprentices;
3. Bonus payments based on some performance measure.

II. Legal and contractual payments

1. Employers' contributions to social security, health, disability and unemployment insurance;
2. Insurance fees payable to trade associations (Berufsgenossenschaft);
3. Vacation payments
4. Payments for time lost for which contractual agreed reimbursement is granted; family events; jury duty; appearance as witness, etc.; continued payments in the case of sickness (six weeks).
5. Other legally required expenses
(Children's allowance; payments for off-time for shop committee members and the entire work force in case of legally required plant meetings, other committees; payments for accident prevention and first aid equipment; special facilities for legally required employment of disabled; required payments for mothers; contributions to company based health insurance);
6. Contractually required other expenses (wage and salary supplements for families; wage continuation in the case of death; supplements to sick benefits; payments for return trips to the family; longevity premiums; deadheading pay, etc.).

III. Expenses necessary for plant operations

1. Plant health service
(Medical consultations in connection with work, pre-employment health check-ups; preventive health measures such as regular check-ups, vacation after accidents, fume inhalation prevention, company milk distributions, etc.; maintenance of first aid stations, etc.; wages and supplies for plant medical services);
2. Safety and accident prevention
(Training, counseling, information, dissemination, protective clothing and equipment; premiums for accident prevention; wages and salaries for accident prevention services);
3. Education and development
(Skill and professional training for employees and apprentices; training workshops; other courses);
4. Expenses accruing because of geographical distances between company and residence (reimbursement for local transportation, car expenses, etc.; cost of living supplements for employees separated from their families; moving expenses);

5. Liability for property of employees (insurance premiums or direct reimbursement).

IV. Old age benefits

1. Pensions
(Additions to pension reserve; actual pension payments);
2. Other old age benefits
(Life insurance, other supplements);

V. Additional expenses

1. Payments for lost working time
(Non-contractual vacation for health re-constitution, training, etc.; severance pay, salary and wage payments in case of death (if based on individual contracts);
2. Expenditures for health re-constitution measures;
3. Payments for special occasions
(Christmas bonuses, company anniversaries, employment anniversaries of individuals);
4. Individual and joint housing
(Maintenance and administrative expenses, loans, non-repayable credits, depreciation, etc.);
5. Employees assistance payments (direct or indirect)
(Assistance payments in cases of sickness and emergency, aid to refugees, aid in case of accidents, etc.; aid payments for birth, communion, graduation, marriage, funeral, etc. in employees' family; special supplements for purchase of fuel, potatoes; Death benefits, decision and educational aid for employees' children.
6. Supplemental aid for employees in case of old age and disability
(Group accident insurance, nursing and retirement home payments, payments for survivors' pensions);
7. Employee counseling;
8. Special facilities for employees
(Kindergarten, special schools, cafeteria, employee club building; shops for the employment of temporary laid-off workers, facilities for parties, etc.);
9. Consumer aid
(Company store, etc.);
10. Cultural and recreational activities (library, facilities for voluntary continued education and recreation, orchestra, sports clubs, sports facilities, etc.).



Appendix II

Names of Companies Analysed

	Employees*
<u>GERMANY</u>	
1. Badische Anilin und Sodafabriken (BASF); chemicals, etc.; Ludwigshafen	110,900
2. Bayer AG; chemicals, pharmaceuticals, etc.; Leverkusen	65,600
3. Daimler Benz AG; cars and trucks; Stuttgart	154,900
4. Deutsche Gold-und Silber-Scheideanstalt (DEGUSSA); precious metals, etc.; Frankfurt	13,600
5. Deutsche Krankenversicherungs AG; insurance; Köln	5,100
6. Esso AG; oil refining and distribution; Hamburg	4,500
7. Hoechst AG; chemicals, etc.; Frankfurt	91,500
8. Hugo Stinnes AG; trading, transportation, etc.; Düsseldorf	22,100
9. IBM-Germany GmbH; computers; Stuttgart	22,400
10. Mannesmann AG; steel, equipment, trading, etc.; Düsseldorf	111,600
11. Preussische Elektrizitäts AG; mining and utilities; Hannover	19,600
12. Robert Bosch GmbH; electrical equipment, etc.; Stuttgart	63,900
13. Saarbergwerke AG; mining and energy; Saarbrücken	28,800
14. STEAG; mining and energy; Essen	5,800
15. VEBA-AG; mining, oil, utilities, etc.; Düsseldorf	59,200
16. Volkswagenwerke AG (VW); cars and trucks; Wolfsburg	203,700
<u>SWITZERLAND</u>	
1. Ciba-Geigy AG; chemicals, pharmaceuticals, etc.; Basel	22,300
2. F. Hoffmann-LaRoche AG and Sapiac Ltd.; pharmaceuticals, etc.; Basel	37,200
3. Gebr. Sulzer AG; machinery and equipment; Winterthur	37,600
4. Lonza Ltd.; chemicals, etc.; Basel	3,200
5. Motor Columbus, Inc.; Consulting engineers; Baden	600
6. Nestle Alimentana S.A. and Unilac, Inc.; food; Vevey	138,800

* totals for company or segment analysed (analysis of segments was required, because frequently details about social matters are not included in consolidated reports).

	Employees*
<u>Switzerland (continued)</u>	
7. Sandoz AG; chemicals, pharmaceuticals, etc.; Basel	9,700
8. Schweizerische Aluminum AG (ALUSUISSE); aluminum, chemicals, etc.; Zürich	34,900
9. Zuckerfabrik und Raffinerie Aarberg AG; sugar processing; Aarberg	360
<u>AUSTRIA</u>	
1. Bleiburger Bergwerks Union AG; mining; Klagenfurt	1,700
2. C. Reichert AG; optical equipment; Wien	800
3. Elan Mineralölvertriebs AG; service stations; Wien	700
4. Elin Union AG; electrical equipment; Wien	7,600
5. Österreichische Mineralölverwaltung AG; oil and refining; Wien	7,600
6. Perlmöser Zementwerke AG; cement; Wien	1,900

Appendix III
Social Reporting in Annual Reports

Items mentioned in Annual Reports ²⁵	Germany	Switzerland	Austria
<u>I. General Personnel Policy</u>			
1. Expression of appreciation of employee contributions during fiscal year	40	9	13
2. Expression of special appreciation for old employees	-	-	2
3. Expression of gratitude for past services to retirees	-	3	-
4. Problems of domestic labor markets (need for foreign employees)	6	8	2
5. Special labor market problems with seasonal employees	-	1	-
6. Statements concerning importance of managerial and other employees for success of company	2	-	-
7. General demand for greater employment security	-	1	-
8. Company commitment to pay above average wages	-	-	1
9. Wage policy which will not contribute to inflation	-	1	-
10. Assurance of job security for old employees	1	-	-
11. Policy to avoid lay-offs through attrition, cautions hiring, and early retirement; company sponsored job search for laid-off employees	4	1	-
12. Emphasis on employment of women	1	-	-
13. Policy of promotion from within (and other measures to maintain employee satisfaction)	2	1	-
14. General remarks about manpower planning activities	2	-	-
15. General policy in developing employee potential	1	-	-
16. Policy of equal treatment of nationals and non-nationals	1	1	-
17. Policy and results of increasing foreign management personnel in subsidiaries abroad	1	3	-
18. Adjustments to national policy in foreign subsidiaries	-	1	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
19. Problems created for personnel policy by emerging nationalism	-	6	-
20. General commitment to co-determination and sharing of responsibilities	-	2	-
21. Application of new principles for leadership and teamwork	-	1	-
22. Implications of future legislation for traditional property concept	1	-	-
II. <u>Size of Work Force, Distribution and Changes</u>			
1. Total number of employees and changes (statistics up to 10 years; sometimes reasons for changes)	34	28	1
2. Distribution of employees (including changes)			
a) by activity sectors	21	5	1
b) by groups (blue collar, white collar, trainees, disabled)	17	15	2
c) by location or plants	28	1	-
d) by age groups	5	-	1
e) by sex	4	-	1
f) by season	-	3	-
3. Average age of employees	3	-	-
4. Average seniority of employees	3	-	-
5. Ratio between white collar and blue collar employees	-	1	-
6. Labor turnover ratios (sometimes grouping by causes and adjustments for unavoidable turnover)	14	13	-
7. Changes in number of employees due to reporting chances (consolidation)	2	-	-
III. <u>Employment of Foreign workers</u>			
1. Total number and percentage of foreign workers	11	3	1
2. Changes in number of foreign workers	3	3	-
3. Nationality of foreign workers	2	-	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
IV. <u>Labor Cost</u>			
1. Total labor cost (including overhead and recent changes)	30	11	11
2. Changes over previous years in wages and labor overhead (with mention of reasons for change such as entire contracts or individual items as hourly rates, pensions, housing, bonuses, 13th salary, social security contributions, cost of living increases, conversions of fringe benefits into regular payments, payments for time off, increased vacation time, etc.)	57	14	11
3. Development of average monthly income per employee over several time periods compared with cost of living increases	5	3	-
4. Average cost per labor hour	1	-	-
5. Average total labor cost per capita	3	-	8
6. Sales per employee (including changes)	1	4	5
7. Assets per capita of employees	-	-	3
8. Development of labor cost contents in cost of goods sold (absolute or percentage)	3	-	3
9. Contribution of labor to value added	2	-	-
10. Comparison of total labor cost, total work force, total hours worked, assets, and value added for several years	5	5	-
11. Separation payment programs (Sozialplan); number of employees participating, general comments	6	-	-
12. Disclosure of payments and pensions to directors and members of top management (legally required)	45	-	-
13. Changes in top management (special mention beyond the general listing of names, which is done by all companies)	-	4	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
<u>V. Working Conditions</u>			
1. Total number of working hours performed during year	2	-	-
2. Overtime hours	3	-	-
3. Improvements in working conditions (staggered working hours, elimination of time clocks, extra time for pauses, measures towards humanization of work (with description of programs), measures to improve working conditions for foreign workers and older employees, improvement in job classifications, replacement of assembly line by group assembly, reduction in working hours, medical research into working conditions, change-over from hourly and piece rates to monthly wages, shift differentials, gliding working hours)	23	18	10
4. Strikes	2	2	-
5. Share-the-work plans (hours lost)	4	-	-
6. Absenteeism (overall rate, rates for employee groups, changes, unavoidable absenteeism, statistic of lost working hours by causes)	10	-	-
7. Number of accidents, accident rate, accident severity rate, output loss through accidents (sometimes names of employees who had fatal accidents)	14	-	-
8. Safety improvement measures (legally required and voluntary)	4	-	-
9. Total safety personnel	1	-	-
10. Fire prevention investment program	1	-	-
<u>VI. Training and Development</u>			
1. General remarks about training programs (purpose, policy, importance to company and society, improvement in job opportunities for employees, frequent comments on management training)	23	1	2
2. Total expenditures for training and development programs	1	-	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
3. Total number of apprentices and trainees employed (including successful completion of program)	18	1	3
4. New measures in apprentice training	-	1	5
5. Training function of headquarters in multi-national companies	-	2	-
6. Employee participation in internal and external training	13	-	7
7. Listing of trainees (absolute and percentage) by activity sectors	1	-	-
8. Number of training courses offered	1	-	-
9. Topics of internal development programs	1	-	-
10. Job types for which company training and continuing education is offered	3	-	-
11. Training centers and facilities (capacity, location, general lay-out, major changes)	4	4	-
12. Participation of company in special training programs (such as programs for children of foreign workers, recent high school graduates, exchange of employees from abroad, training of workers from different nationalities in border districts, training in modern work methods, cooperation with government in new training schemes)	17	-	-
13. New training developments within the company (new programs, methods, increased time allocation)	6	5	-
14. Participation of employees in college programs	2	1	-
15. Improvements in quality of training personnel (including statements of their qualifications)	2	-	-
16. Educational programs for employees and their dependents (size and type of program, participation)	6	1	-
17. Data about formal educational background of employees	2	-	-
18. Ecology oriented training courses for outsiders (teachers, etc.)	-	1	1

Items mentioned in Annual Reports	Germany	Switzerland	Austria
19. Contacts with higher education to attract qualified employees	-	-	2
20. Discussion meetings on employment and social policy	-	11	-
<u>VII.. Fringe Benefits - General</u>			
1. Total expenditures and recent changes in voluntary fringe benefits (absolute and/or percentages)	9	4	8
2. Tabulation of total legally required, contractual and voluntary fringe benefits	3	-	14
3. Statement about employee fringe benefits for which expenditures are not shown separately in P&L	1	-	-
4. Listing of voluntary fringe benefits	1	-	-
5. Benefits available to employees	3	1	-
6. Standardization of different company fringe benefit plans and administrative reorganizations.	1	2	-
7. Payment of annual bonus for performance, seniority or for all employees.	21	1	5
8. Christmas bonus	11	-	-
9. Per capita bonus payments	2	-	-
10. Improvements in vacation pay, vacation time, income security, etc.	6	-	-
11. Anniversaries (number, payments, sometimes names)	12	1	12
12. Company contributions to employee cafeteria	2	-	3
13. Expenditures for and improvements in recreation and sports facilities (including gymnastics at work station)	4	1	6
14. Company sponsored cultural events	1	1	3
15. Total voluntary payments to employees in hardship cases (including special aid to foreign workers)	3	-	3
16. Increases in general welfare fund for employees	-	3	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
17. Counseling program for employees (on personal problems, pre-retirement counseling, etc.)	2	1	-
18. Number and utilization of company employed social workers	2	-	-
19. Policy to provide medically supervised recreational vacation at company expenses	1	-	-
20. Available low cost vacation facilities for employees	-	-	3
21. Introduction (or change) of family allowances	-	1	-
22. Total paid (and profit percentages) through profit sharing plan	2	-	-
VII. <u>Employee Health Services</u>			
1. Health services provided (free check-ups for older employees, check-ups for diabetes and high blood pressure, rehabilitation programs for disabled employees, TB sanitorium, pre-employment checkups)	8	-	-
2. Company health service facilities	2	-	-
3. Total number of employees in company health service	3	-	-
4. Overall utilization of company health service facilities	4	-	-
5. Company health insurance cost (and premiums paid by employees)	3	-	-
6. Voluntary sickness benefits paid	1	1	-
7. Medical supervision of cafeteria meals	1	-	-
8. Communication of medical findings to interested public	1	-	-
9. Fire protection research	1	-	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
IX. <u>Company pension plans</u>			
1. Total expenditures for pension plans & life insurance (with special reference to changes in pension cost)	17	-	2
2. Total expenditures for employees social security contributions (including changes)	5	-	-
3. Additional cost to guarantee pension payments in case of bankruptcy.	1	-	-
4. Number of retirees, dependents and survivors drawing pensions	6	-	3
5. Total benefit payments to retirees and dependents	5	-	-
6. Improvements in pensions for 'old' retirees (adjustment for cost of living increases, special payments)	10	2	-
7. Improvements in pension plans (including flexible retirement age, supplemental pension for employees previously not covered, higher pension percentages)	6	5	2
8. Development of pension reserves (in addition to the totals, which are disclosed in all financial statements in Germany and Austria)	3	1	-
9. Number of early retirements and regular retirements	-	2	2
10. Lump sum payments to redeem pension promise	-	-	1
X. <u>Company Housing</u>			
1. Housing program for employees (including foreign workers)	9	3	5
2. Total number of company owned and company subsidized housing units	11	6	-
3. Total annual expenditures for employee housing (company housing and low-interest housing loans)	16	-	-
4. Construction of new company owned housing units	8	-	-
5. Number of employees who received housing loans	2	-	2
6. Distribution of company housing			
a. by location	3	-	-
b. by employee group	3	-	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
7. Number of housing units sold to employees	4	-	-
8. Cost of housing maintenance and modernization	6	-	-
9. Rent charged to employees (including changes)	2	-	-
10. Company housing administration (changes, remarks about co-determination)	-	1	-
<u>XI. Employee Ownership of Property</u>			
1. Total expenses and participation in legally required property acquisition plan for employees	19	-	-
2. Company share purchasing plan (participation, total amounts, acquisition prices, face value of shares)	22	1	-
3. Establishment and administration of employee fund from property acquisition amounts (including totals, use of fund capital)	3	-	-
4. Decreasing ability of employees to participate in company capital due to excessive labor cost and social legislation	1	-	-
<u>XII. Labor Representation</u>			
1. General remarks concerning cooperation with labor representatives (or employees in general)	11	3	-
2. Number of labor representatives (including changes due to new legal regulations)	6	-	-
3. General remarks concerning election of labor representatives (including employee participation)	5	-	-
4. Impact of new legislation concerning employee representation	1	-	-
5. Election of management personnel representatives	1	-	-
6. Agreement with labor on areas of codetermination	-	1	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
XIII. <u>Communications with Employees</u>			
1. Participation in and premiums paid by company suggestion scheme	19	1	-
2. Company newspaper and information service	6	-	-
3. "Open door" policy	2	-	-
4. "Request for information from management" programs	3	-	-
5. Remarks about regular employee attitude surveys	2	1	-
6. Evaluation and interview (counseling) program for individuals	3	-	-
7. General remarks concerning internal information for managerial employees	2	-	-
8. Remarks about public information program	-	3	-
XIV. <u>Stockholder relations</u>			
1. General remarks about importance of employees and stockholders for company	2	-	-
2. Profits and capital as basis to benefit both stockholder and employees (job security)	2	-	-
3. Stockholders function as risk bearers	1	-	-
4. Equity capital raised during fiscal year	2	-	-
5. Estimated total number of stockholders (broken down into groups)	3	-	-
6. Problems of double taxation of company profits	1	-	-
XV. <u>Research and Development</u>			
1. Total R & D Expenses	7	6	5
2. Total number of employees in R & D	5	1	-
3. General remarks concerning R & D policy, future plans, policy coordination	-	5	1
4. Construction of new Research facilities and general remarks about existing facilities	1	3	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
5. Participation in outside Research centers	1	-	-
6. Technological exchange agreements with other countries	1	-	-
7. Patents held by company	-	-	2
8. Cooperation with outsiders in basic Research	1	-	-
9. Cooperation with customers in R & D	1	-	-
10. Research grants to outsiders	-	1	-
11. General remarks or detailed description of specific company R & D projects;(emphasis on environment in all cases, in which products have environmental impact); Projects mentioned: heat pumps, radio information systems, anti-pollution catalysts, fire proof paints, electric cars, car parts reliability, lubricants, spike tires and road surfaces, disposal of oil by-products, road surface materials, recycling of company products, gas-steam power plants, prefabricated housing, uranium enrichment, nuclear waste disposal, reactor development, utilization of ashes as construction materials, coal upgrading, gas purification, alternate fuels, car safety, car technology, macro-molecules, cancer, diabetes, specific insecticides and herbicides, water soluble paints, improved materials utilization, biodegradable materials, oil based proteins, pharmaceutical research emphasis, new food and nutritional values, oxygen enrichment for fresh water, plastic waste disposal, anti-noise pollution, pollution measurement, improvement of air quality, anti-air pollution equipment, smog residue disposal, dust emission reduction, car pollution reduction, power supply, other projects.	80	24	2
12. General remarks concerning environmental protection efforts and ecological matters in research programs (ranging from general commitments to percent allocation of research funds).	12	8	-
<u>XVI. Environmental matters</u>			
1. General policy statement for plant and products, general commitment	3	-	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
2. Total expenditures for environmental protection (sometimes total investment to date, sometimes future investment plans)	11	6	-
3. Special environmental protection department	1	1	-
4. Total number of employees in environmental protection activity	3	-	-
5. Cooperation with other companies or communities for environmental protection purposes	5	-	-
6. New subsidiary for environmental protection techniques	1	-	-
7. Utilization of company products in environmental protection efforts	1	-	-
8. Establishment of trademark to symbolize environmental protection efforts	2	-	-
9. Special programs (total number of remarks):	(40)	(19)	(1)
a. water purification facilities	12	9	1
b. solid waste disposal program	4	3	-
c. emissions measurement system	1	-	-
e. change in fuel for environmental protection	6	1	-
f. air deodorization installations	1	-	-
g. anti-thermal-pollution program	-	2	-
h. noise abatement program	-	2	-
i. chemical waste disposal program	-	1	-
j. dust emission reduction	2	-	-
k. sulphur control system	3	-	-
l. air pollution reduction program	2	1	-
m. phosphate pollution reduction	1	-	-
n. utilization of water purification residue	1	-	-
10. Impact of anti-pollution legislation on company (largely negative influences)	3	1	-

Items mentioned in Annual Reports	Germany	Switzerland	Austria
<u>XVII. Miscellaneous Items</u>			
1. Policy of integration of foreign subsidiaries into host countries	1	1	-
2. Discussion of functions of a Multinational corporation	-	1	-
3. Political issues facing management (seminars)	1	-	-
4. Statement of functions of business in society (emphasis on mutual dependence)	1	-	-
5. Public information activities to combat anti-business attitudes	-	1	-
6. Documentation services available to public	-	1	-
7. Results of accident prevention and safety program (including mentioning of major industrial accidents)	1	2	-
8. Cooperation with government on safety research projects	1	-	-
9. Activities of company financed foundation rendering service to scientific community	-	4	-
10. Listing of important orders (received, completed)	-	-	2
11. Total purchases and total external sales	-	-	2
12. Number of banks, the company utilizes	1	-	-
13. Total tax payments	1	-	-
14. Community, environment, and economy oriented individual projects' (a typical report by engineering consulting firm)	-	37	-
15. Financial aid to students	-	1	-

Appendix IV

Hoechst AG

Special Report on Personnel and Social Measure
(1974, mimeo, 127 pages)

Items Reported

- I. Governmental and Social Policy;
warning against increased burdens, changes in government policy emphasis, less individual freedom, increased inflation, adjustments in social security, portability of retirement benefits, increased job security for older and disabled employees, social policy as means to restructure society.
- II. New Legal Regulations;
 1. new groups included in social security, higher contributions;
 2. improvements in health insurance;
 3. increases in unemployment insurance premiums;
 4. changes in income tax structure;
 5. requirement to employ 6% disabled workers (DM 100 monthly penalty for non-compliance), increased vacation for this group;
 6. pension improvements; 10 years vesting period, pension insurance required;
 7. time off for training and education;
 8. new regulations for employment of safety and medical personnel;
 9. insurance against wage losses in case of bankruptcy.
- III. Labor Agreements;
union demands and actual settlements (list of new hourly and monthly pay scales).
- IV. Voluntary Company Measures;
 1. new monthly wage system for former hourly employees;
 2. new bonus system
 3. new premiums for anniversaries.
- V. Pending Legislation;
 1. co-determination,
 2. acquisition of property by employees,
 3. protection of under-age employees,
 4. preparation for jobs and other training issues.
- VI. Participation of Employees (Betriebsverfassung);
 1. election of representatives by managerial employees;
 2. election of representatives to youth-council;
 3. cooperation with labor representatives (local, company as a whole, committee on social measures, committee on economic information, managerial employee committee).
- VII. Changes in Employment;
 1. total number, domestic and foreign employees;
 2. labor market developments in Germany;
 3. company employment situation (applications, share-the-work programs, hiring expenses, reassignments);

Items Reported

4. changes in permanent employee groups (blue collar, white collar);
5. labor turnover by groups (white collar, blue collar, foreign male, female) and by location;
6. employment structure; white collar, blue collar, functional assignments, foreign (by nationality and location), female employees (detailed analysis).

XIII. Working Hours;

1. standard hours, holiday working hours, overtime;
2. sickness and absenteeisms (development of "lost" hours by groups);
3. hours lost by "share-the-work" program.

IX. Employee Income Structure.

X. Labor Expenses (totals, percentages).

XI. Distribution of Revenues;

totals and percentages as distributed to various groups (employees, shareholders, lending institutions, government, company retained surplus).

XII. Acquisition of Property by Employees (general remarks);

1. employee housing; total number of units financed (1952-1974) by interest free or low-interest loans, total loans outstanding, total expenses for interest born by company;
2. acquisition of property (totals) according to labor agreement;
3. company share purchasing plan; shares offered including prices, participation of employees (by location), total employee share capital.

XIII. General Training and Education;

1. employment of apprentices by job groups and location;
2. pre-employment training for drop-outs or otherwise unprepared youth;
3. qualifying exam by various apprentices and employee groups (special courses offered).

XIV. Job Oriented Training and Education;

1. information courses;
2. leadership training;
3. on-the-job discussion groups;
4. managerial discussion groups;
5. utilization of outside institutions for management training.

XV. Employee Information Policy;

1. pamphlets distributed by radical groups,
2. company newspapers,
3. foreign language company newspapers.

XVI. Employment and Retirement Security Measures;

1. inclusion of other employment into retirement basis;
2. periodic checks on adequacy of retirement benefits;
3. participation in company retirement system;
4. retirement supplements;
5. death benefits;
6. costs development for company-operated health insurance.

Items Reported

XVII. Health and Safety Programs:

1. utilization of company medical services (total personnel, special activities);
2. accident rate and accident prevention.

XVIII. Company Owned Rental Housing (number of apartments and dormitory space available).

XIX. Other Social Measures

total amounts spent on cafeteria, catering services, sale of company products to employees, uniforms and work clothes.

XX. Prospects for Coming Fiscal Year.

APPENDIX V

Bayer AG

Special Reports on Employment Related Matters

Items Reported	1972 32 pages	1973 40 pages	1974 38 pages
I. <u>Personnel policy today</u> reference to changes in 2 decades, rebuilding vs. quality of life, income generation vs. self-actualization, labor abundance vs. shortage, manual labor vs. technical sophis- tication, emphasis on education and leadership, increased legal and voluntary benefits.	X	-	-
II. <u>General economic situation and social policy (1 page)</u> labor representation, labor market situation; legislation concerning acquisition of pro- perty by employees; job training law; employee protection in case of bankruptcy; portability and protection of pensions, legal regulation to protect under-age employees; attempts to reduce employment of foreigners.	X - - - - -	- X X X - -	X X - - X X
III. <u>Employees of the company</u> 1. total employment (2 pages); recent development over several years and changes by employee groups; employment by functions, employment by geographical area, employment by sex, percentage changes in employment, changes in employment during the year. 2. Employment in different locations (2 pages) with explanations of reasons for changes. 3. Foreign national employees (2 pages); reason for employing foreigners, general policy; total number and distribution of foreign employment by location, origin of foreign employees.	X X X X X - X X X X X	X - - X X X X X - X X X	X - X X X - X X X X X

Items Reported	1972	1973	1974
4. Employment by business function (2 pages); description of employment by functions, annual changes,	-	X	X
5. Age distribution (male and female) of employees (1-2 pages); physical age, seniority, average age, average time with company; employment anniversaries.	X - -	X X X	X X X
6. Trainees and apprentices (2 pages); total number, sex distribution, distri- bution by location, distribution by jobs, special company arrangements for education; total cost of education, results of final exams of apprentices.	X X - - -	X X X X -	X X X X X
7. Continuing education (1 page); general policy, number of courses and participants, evening classes (subjects, participants), total cost.	- X X - -	X X X X -	X X X X X
8. Qualification of employees (2 pages) in terms of salary and wage classes.	-	-	X
9. Labor turnover (2 pages); total number, percentages, distribution by location and employees groups, terminations by employees and by company, unavoidable turnover percentages, turnover by seniority.	X X X X - -	X X X X X -	X X X X X X
10. Suggestion scheme (1 page); general purpose, number of suggestions, total premiums, participation percentages, participation statistics, publication of results.	- - - - -	X X X X X	X X X X -
11. Absenteeism due to health reasons (3 pages); percentages (definition given) - total and by location, development (percentages) by case and duration, research into reasons.	X - -	X X X	X - -
12. Accidents (1 page); by location and employee groups, fatalities at work and while commuting. safety improvement measures.	X - -	X X X	X - -
13. Company health service (1 page), statistics of services provided, health service employees, special programs, improvement in health service facilities.	- - - -	X X X X	X X X X
14. Personnel expenditures (2 pages); total expenditures, changes over previous years (reasons), per capita average expenditures, personnel expenditures as percentage of total cost.	X X X X	X - - X	X X X X

Items Reported		1972	1973	1974
15.	Company health insurance (2 pages); membership (required and voluntary), membership changes, changes in employee contributions.	X X -	X X X	X X -
16.	Provisions for old age (1-2 pages); general purpose, membership in pension scheme, retirees and survivors drawing benefits, supplemental pension scheme for blue collar workers, death benefit scheme, improvements in pensions, introduction of flexible retirement age, maximum benefits, total retirement expenditures of company.	X X X X X - - - -	X - X X X - X X X	X - X X - - X X X
17.	Employee housing (1-2 pages); general policy and administrative organization, total housing units available (changes), rental and cooperation units, percentages of employees living in company housing, loans to employees, total value of units financed, housing modernization program.	X X X X X X -	X X X X X X -	X X X - X - X
18.	Acquisition of property by employees (2 pages); legally required payments to employees, voluntary share purchase plan, participation by employee groups during the year, other investment opportunities and their utilization, total investments and number of partici- pants, total participation in share purchasing, shares and debentures owned by employees, development of stock prices, employee fund for stock ownership, policy and purpose of fund, investment policy of fund, total assets of fund (and their distribution), development of value of certificates.	X X X X X X X X - - - - - -	- - X X X X X X - X X X X -	X X X X X X X X - - - - - -
19.	Cultural activities (1 page); general policy, events sponsored (total number, visitors, location), inventory of library.	- - -	X X X	X X X

Items Reported	1972	1973	1974
20. Other voluntary benefits (1/2 - 1 page); employee supplemental welfare fund (for hard hip cases), counseling in personal affairs, company cafeteria, employee clubs, holiday cottages (total number).	- - - - -	X X X X X	X X X X X
21. Cooperation with elected employee representatives (Betriebsrat) in general; number of elected members, pending topics for discussion, results of previous years' negotiations.	X X - -	X - X X	X - X X

Appendix VI

Badische Anilin- und Soda-Fabriken AG (BASF) Special Report to Employees (1973)

- I. General Summary Report About Business Conditions (2 pages)
- II. Employees (14 pages)
 1. Statistical information about total employment and its distribution, information about average age, seniority, average monthly income, ratios of white collar and blue collar employees.
 2. Cooperation with employee representations (stop committees); general climate, and topics of discussion and agreement: increase in performance premiums, wage payments in case of death, discontinuations of time clocks, improvements in convalescent holidays, changes in suggestion scheme, improvement in premiums for secretaries, meeting of all management personnel, plans for improvements on salary and wage system.
 3. Information of employees; newspapers, newsletter, meetings.
 4. Results of suggestion scheme (participation, premiums)
 5. Accident report
accident rate, accident severity rate, total days lost, accidents on the way to and from work, deadly accidents
 6. Labor turnover;
turnover rate, analysis of reasons of low rate based on employees attitude survey.
 7. Development and specific labor overhead data
 8. Results of labor contract negotiations.
 9. Total expenditures for legally required and voluntary benefits.
 10. Expenditures for acquisition of property by employees; participants, total amount; participants and total amount of voluntary share purchasing plan for certain managerial employees.
 11. Coordination of benefits among subsidiaries; introduction of pension plan in foreign subsidiaries.
 12. Company pension plans
participation, inflation adjustments, pension percentages (75%), integration with social security, total expenditures, principles of accumulation of fund, adjustment to inflation, after taxes pensions, development of pensions and salaries over 4 years.
 13. Other social expenditures;
total expenditures for cafeteria supplements; total expenditures for protective clothing; showers and clean-up facilities; cooperative plan with city to provide housing for employees (number of units, total expenditures), total expenditures to provide low cost housing loans for employees; training and education, training of apprentices (job classes for which training is available, total expenses), apprentice housing; cooperative training scheme (with state government), introductory training year for children of foreign workers, capacity of training facilities, participation in training programs, language training, total training cost
 14. Health services; employees of health service, statistics of preventive check-up, utilization of facilities by employees, accident prevention inspections, first-aid training, total cost for health services.
 15. Company's health insurance; participation, total cost;
 16. Supplemental expenditures, total supplemental payments to pensioners, voluntary additional payments in case of sickness.
 17. Library and recreational facilities; total expenditures.
 18. Athletic activities; types of activities, total expenditures.
 19. Special premiums for seniority and performance;
- III. Information About Activities of company and abbreviated Annual reports (15 pages)

Appendix VII

Preussisch- Elektrizitäts - AG (Preussenelektra)

Social Report 1973
(34 pages)

Items Reported

1. Employment
development of employment over 10 years by major activity groups,
changes in employment in various activity sectors,
labor market situation,
changes in employment by location,
terminations (causes given),
terminations by cause and location,
comments on labor turnover,
influence of flexible retirement age,
transfers and newly hired employees by location.
2. Structure of Work Force
distribution of employees in all locations by groups (white collar,
blue collar, trainees),
sex distribution,
age distribution by location,
seniority distribution by location,
employment of foreign workers (location, nationality).
number of anniversaries.
3. Absenteeism
standard working hours per year,
percentage of lost hours,
time lost through diasability, special vacation and other causes
(by location),
comments and discussion of disabilities,
accident rate.
4. Education and Development
general policy statement,
training facilities,
development of number of trainees,
expected changes in apprenticeship program due to new legal regulations,
qualification of trainers,
participation in internal and external training courses,
comments on training emphasis and training results.
5. Accident Prevention
development of number of accidents,
accident severity,
working time lost due to accidents,
accident prevention training,
contributions of employees to accident reduction,
accident prevention measures,
plans to improve first-aid services.

Items Reported

6. Labor Cost

development of total labor cost (blue collar and white collar)
over 10 years,
labor cost changes in last fiscal year,
average per capita income,
average per capita fringe benefits,
new labor agreement with more uniform pay schedules,
allocation of labor cost to various activity sectors,
inflation adjustments for wages,
per capita contribution for acquisition of property,
total amounts paid for legally required fringe benefits,
increase in social security contributions and all other insurance schemes,
total paid for voluntary fringe benefits:
pension plan,
payments for hardship cases,
Christmas bonus,
company medical services,
payment for vacation to recuperate,
holiday facilities,
supplements to sick pay,
payments for special occasion (marriage, birth, death, others),
work clothes and work shoes,
cafeteria,
employee parties,
changes in voluntary fringe benefits.

7. Pensions and Survivors Benefits

introduction of flexible retirement age,
cost of living adjustment for pensions,
Christmas bonus for retirees,
total number of retirees and survivors,
increase in total pension expenditures,
principle of accumulating pension reserves,
payment of supplemental pensions,
total payments to retirees and survivors (by groups),
average per capita pension,
percentage break-down of pensions (into social security
and company contribution),
pensions as percentages of wages.

8. Health Services

development of sick leaves,
regular check-ups for miners,
hearing and vision tests,
innoculations,
prevention and recuperation vacations (including wives),
summer camps for employee children,
health vacation assigned exclusively by employee committee,
total amount spend for this type of vacation,
total number of participants in vacation scheme,
change in numbers of participants.

Items Reported

9. Company Subsidized Holidays

general policy to provide subsidized vacation for low income employees and their families,
administration of holiday scheme by labor representatives.
total number of participants during fiscal year,
location and facilities available,
total participants since inception of program.

10. Company Housing

general policy to assist in housing,
change in number of company owned housing units (by location),
total number of company owned housing units available,
building and modernization activities,
total amount of low-interest loans granted to employees.

Appendix VIII

Deutsche Gold-und Silber-Scheideanstalt (DEGUSSA)

Special Report on Personnel and Social Measures

(1973 and 1974, 30 pages, mimeo, available to employees)

Items Reported

I. General Remarks

general remarks concerning market situation of company.

II. Changes During the Fiscal Year

1. review of legislative changes concerning employees (employment of disabled, allowance for children, law concerning company health services and accident prevention);
2. union contracts and resulting wage increases;
3. reasons for ~~overall~~ increase in personnel cost;
4. contractual pension supplements;
5. agreement on early retirement;
6. new local working regulations (Arbeitsordnung);
7. new regulations for suggestion scheme and premiums payable;
8. new performance oriented wage classifications;
9. new premium system for certain employees (gateman, drivers, etc.);
10. ongoing discussion with labor representatives.

III. Employee Representation (Betriebsverfassung)

1. general remarks concerning cooperative atmosphere;
2. information exchange with shop committee and economic committee concerning general economic problems;
3. discussion and information meetings with labor committees;
4. participation of shop committee members in outside information and training meetings;
5. re-election of labor members to the board of directors;
6. election of 2 youth representatives to intra-company youth council.

IV. Personnel Changes

1. data on personnel changes in various employment groups;
2. number and percentage of managerial employees;
3. employment of women (percentages);
4. employment of foreign nationals;
5. distribution of employees between headquarters and subsidiaries (absolute and percentages);
6. data about increases in work force;
7. age distribution of white collar and blue collar employees;
8. seniority distribution of white collar and blue collar employees;
9. labor turnover and its causes (percentages);
10. advertising of open positions within the company..

Items Reported

V. Personnel Cost

1. data on total expenditures for personnel;
2. development of work force and labor cost (statistics on general trend over 10 years, recent wage and overhead increases);
3. distribution (percentages) of added value between groups of employees;
4. distribution of added value (percentages) between employees and other groups;
5. comparison of monthly income and cost of living index;
6. total expenditures for and participation in acquisition of property scheme;
7. development of social security contributions and voluntary benefits (detailed statistics).

VI. Education

1. classification of educational efforts (preparation for job, additional job training, additional education for promotion);
2. distribution of training participants (percentages, absolute figures);
3. annual per capita expenditures for training;
4. training facilities and total training cost;
5. special program for high-school graduates;
6. training needs assessment resulting in internal programs;
7. additional use of external training facilities.

VII. Employee Information

1. orientation programs;
2. company newspaper.

VIII. Health Protection and Accident Prevention

1. staffing of company medical departments;
2. participation in free biannual checkups for employees over 50;
3. accident prevention personnel;
4. accident prevention training;
5. accident rate and accident severity rate;
6. psychological accident prevention measures and their results;
7. increase in accidents on the way to and from work;
8. general comparison of accident rates with other companies.

IX. Pension Scheme and Retirement Benefits

1. utilization of early retirement scheme;
2. cost of living index based increase in benefits for retirees;
3. total expenditures for pensions.

X. Employee Housing

1. total amount of low interest loans to employees for acquisition of housing.

Items Reported

XI. Education Foundation

1. total assets of foundation;
2. total and annual amount of grants and their recipients.

XII. Abbreviated Version of Financial Statements with Explanations (6 pages)

Appendix IX

IBM - Germany

Special Part of Annual Report (major segment) on

Services Rendered to Society

Items reported	1972	1973	1974
1. Benefits of data processing systems in general, examples of specific applications such as banks, police, savings and loans associations, government agencies, CPAs, press, medical profession, bloodbank, telephone service and others	X	X	X
2. Training of customer employees (number of participants)	X	X	X
3. Labor savings of customers through programmed text processing	X	X	X
4. Systems development for customers	-	X	X
5. Functions of company-owned training center	X	X	X
6. Purposes of new products	X	X	X
7. Participation of employees as teachers in university programs	-	-	X

Appendix X

Volkswagenwerke AG (VW)

Special Reports

Type of Report and Items Reported

VW - PARTNER OF THE WORLD, 1974 (47 pages).

1. Impact of Company on City of Wolfsburg and Germany;
2. Hourly wages;
3. Job security (seniority); types of people employed (background, training, nationality);
4. Relationship with suppliers, sales organizations, service stations, banks;
5. Investments;
6. Impact of Company on transportation;
7. Impact on other conditions (jobs, training, foreign trade, industrializations);
8. Financial statements (abbreviated);
9. Investors.

LEARNING AT VW, 1973 (32 pages).

1. Importance of learning
2. Policy of continuous learning;
3. Apprenticeship possibilities at VW;
4. Training procedures within the VW organization;
5. Description of specific job training (example for 2 jobs);
6. Examination procedure and schedule;
7. Foreman training;
8. Advanced training and development programs;
9. Language training;
10. Trainee program for college graduates;
11. Management and leadership training;
12. Training for service personnel;
13. Training and education methods;
14. Training for introduction of new products;
15. Top management training;
16. Training as a service to society.

THE WORLD AROUND WOLFSBURG, 1973 (environmental concepts; 33 pages).

1. Environmental concept of VW in Wolfsburg;
2. Water supply and water clean-up systems;
3. Programs to decrease air pollution;
4. Anti-noise pollution programs;
5. Solid waste disposal program.

Type of Report and Items Reported
<u>VW IN BRAZIL, (32 pages).</u> Description of country; VW Plant; general remarks on impact on economy; resumés of some employees; employment opportunities and employee services.
<u>VW in Mexico, 1974 (32 pages),</u> similar to VW in Brazil.

Appendix XI

STEAG AG

Social Report and Social Balance Sheet 1973 and 1974

Items Reported	1972/73 10 pages	1974 19 pages
1. <u>Introduction (problems of terminology) (½ page);</u> importance of societal relations.	X X	X X
2. <u>General Overview (2-3 pages)</u> products not discussed (although energy serves public),	X X	X X
relationship between wages and utility price increases,	X	X
grouping internal and external relations,	X	X
changes (and reasons) for totals of social expenses,	X	X
totals for participation of employees,	X	X
totals for participation of stockholders,	X	X
utilization of reserves for company viability in future years,	X	X
total R & D expenditures,	X	X
total environmental protection expenditures,	X	X
total tax expenditures,	X	X
exclusion of societal benefits (not quantifiable).	X	-
A. <u>Internal relations</u>		
1. <u>Employment;</u> commitment to maintenance of stable income and job security,	X X	X X
severance pay for non-continuing employees,	-	X
relocation of excess employees,	-	X
seniority and age structure of personnel,	-	X
employment of disabled,	-	X
employment of foreign nationals,	X	X
qualification of employees (measured by salary classes),	-	X
total employment.	X	X
2. <u>Labor Cost and Employee Income</u> total labor cost and fringe benefits (absolute, percent),	X	X
changes in labor cost and benefits (percent),	X	X
per capita average income,		X
impact of working time reduction on cost,	X	-
monthly income (gross, net) and working hrs. (10 year period).	X	X
legally required benefits (totals, percentages).	X	X
3. <u>Voluntary Fringe Benefits;</u> development of voluntary payments (vacation pay, Christmas bonus, payments in kind),	X	-
payments for pensions and pension supplements,	X	X
number of retirees and survivors,	X	X

Items Reported	1972/73 10 pages	1974 19 pages
totals for "other fringe benefits" (sports, cafeteria, health service, anniver- saries, working clothes, reimbursement of com- muting cost),	X	X
suggestion scheme (general remarks),	-	X
participation in and premiums paid by suggestion scheme,	X	-
general remarks about employee housing,	X	-
available housing units,	-	X
total amount of housing loans,	-	X
company newspaper,	X	X
participation in company training programs,	X	-
number of trainees,	-	X
total training expenditures.	-	X
4. <u>Number of Labor Representatives</u>	X	X
cooperation between management and labor representation,	X	X
5. <u>Dividends and Reserve Accumulation</u>	-	X
B. <u>External relations</u>		
1. <u>General Policy;</u>		
contribution by STEAG as energy producer, mutual dependence of company and society,	X	X
special commitment to environmental protection.	X	-
2. <u>Research and Development;</u>		
total expenditures,	-	X
search for new power plant locations (total expenses),	-	X
development of new coal-pressure-gasification technology (advantages and environmental impact),	X	X
development of sulphur emission reduction system (purpose),	X	X
disposal of energy production by-products (utilization as construction material),	X	X
participation in research to develop efficient, non-polluting nuclear power plants,	X	X
participation in wide-area heating systems research,	-	X
development of modern methods to extract oil and gas from coal.	-	X
3. <u>Environmental Protection;</u>		
expenditures for emission reduction of own plants,	X	X
improvements in air quality,	X	-
measurement of emissions,	X	-
noise-reduction efforts,	X	-
water purification efforts.	X	X
4. <u>General Remarks about Contributions to Public at Large;</u>		
taxes and fees,	X	-
cooperation with authorities in tax and insurance administration,		
donations and membership fees,	X	-
nature beautification efforts,	X	-
information of public at large.	X	-
C. <u>Total Expenditures and Purposes Summarized in Social Balance Sheet (see following pages)</u>	X	X



SOCIAL BALANCE SHEET OF STEAG FOR 1973

TYPE OF PERFORMANCE	EXPENSES				BENEFITS FOR SOCIETY	
	1972/73 Mill. DM	1971/72 Mill. DM	Mill. DM	Changes %	BRIEF DESCRIPTION	
I. Work force						
1. Wage and salary increases over previous year (adjusted for personnel changes)	6.48	7.50	-66	-8.8	Total increase of 9.74 million DM (8.65%). The rate increase was 50.4% below the previous year.	
--7.4% rate increase	2.34	--	2.34	--	The working hours were reduced by two hours per week (or 5%).	
--Results of reduction in working hours starting on 1/1/73	--	6.60	-6.60	--		
--Adjustment to uniform rates						
--Other increases (contractual step increases, promotion to higher rate classifications, etc.)	.56	8.40	-7.84	-93.3		
2. Increases in legal and contractual fringe benefits (adjusted for personnel changes)	.21	.10	.11	110.0		
--Contractual fringe benefits	2.47	1.00	1.47	147.0		
--Legal fringe benefits	12.42	23.60	-11.18	-47.4		
--Sum of 1 and 2						
3. Voluntary fringe benefits						
--Special payments (vacation and Christmas bonus; profit participation; contractual electricity and coal allocations) in kind	17.14	14.0	3.14	22.4	Additional extra contractual income which increased super-proportional compared to the monthly real income.	
--Old age benefits (additions to pension reserves; old age benefit payments; assistance payments.	10.86	7.0	3.86	55.1	Old age benefits accumulation for 3380 persons; actual payments to 438 persons	
--Other fringe benefits	5.75	5.40	.35	6.5	Expenses for safety and health measures.	
--Housing	1.80	1.60	.20	12.5	Facilitation of property acquisition	
--Internal information; training and development, suggestion system	.40	.30	.10	33.3	Increase in knowledge; improvement of working climate.	
4. Employee representation	1.00	.90	.10	11.1	Representation of employees in affairs of the enterprise.	
Sum of 3 and 4 (total expenses compared to previous year).	35.95	29.90	7.75	26.5		
Sum of I	49.37	52.80	-3.43	-6.5		
II. Addition to voluntary capital reserves	9.50	8.11	1.39	17.1	Maintenance of real substance and job security.	
TOTAL FOR AREA OF INTERNAL RELATIONS	58.87	60.91	-2.04	-3.3		

TYPE OF PERFORMANCE		EXPENSES				BENEFITS FOR SOCIETY	
B. AREA OF EXTERNAL RELATIONS		1972/73 Mill. DM	1971/72 Mill. DM	Changes Mill. DM	Changes %	BRIEF DESCRIPTION	
I. Research and Development							
1. Pressurized-coal gasification system		3.50	3.00	.50	16.7	Energy supply at reasonable prices; reduction of dust emissions by approximately 100% and SO ₂ emission by 80%	
2. Desulphurization system		1.40	1.10	.30	27.3	Reduction of sulphur dioxide emissions	
3. Utilization of power plant byproducts		.10	.25	-.15	-60.0	Utilization instead of scrap output	
4. Nuclear fuel supply		4.20	3.90	.30	7.7	Securing energy supply	
SUM OF I		9.10	8.25	.95	11.5		
II. Environmental Protection Measures							
for Existing Equipment							
1. Maintenance of clean air		9.90	9.55	.35	3.7	Reduction of dust emissions	
2. Noise protection		.47	.12	.35	291.7	Reduction of noise emissions	
3. Water protection		.65	.67	-.02	-3.0	Maintenance of healthy water bodies	
SUM OF II		11.02	10.34	.68	6.6		
III. Relations to the Public at Large							
1. Taxes and dues		16.15	15.15	1.00	.1	Contribution to the maintenance of societies' duties	
2. Administrative expenses for fiscal administration and health insurance		.12	.10	.02	20.0	Cost reductions for public authorities and public health insurance	
3. Contribution and membership fees		.30	.33	-.03	-9.1	Promotion of non-profit organizations and businesses	
4. Recreation facilities		.22	.78	-.56	-71.8	City beautification and increase of leisure time value	
5. Public relations		.45	.45	--	--	Information of the general public	
SUM OF III		17.24	16.81	-.43	2.6		
TOTAL OF THE FIELD OF EXTERNAL RELATIONS		37.46	35.40	2.06	5.8		
GRAND TOTAL (pages 1 and 2)		96.33	96.31	.02	.02	These expenses can be compared to unchanged dividend payments of 10 Mill. DM (10%).	
						Prices for electricity increased only 6.6% during the last 12 years and can be considered practically constant.	

SOCIAL BALANCE SHEET OF STEAG FOR 1974

TYPE OF PERFORMANCE	EXPENSES				BENEFITS TO SOCIETY BRIEF DESCRIPTION
	1974	1973	CHANGES		
	MIL.DM	MIL.DM	MIL.DM	%	
A. AREA OF INTERNAL RELATIONS					
I. <u>Employees</u>					
1. <u>Income</u>					
1.1 salary and wages	129.83	110.37	+19.46	+17.6	generation or maintenance of income,
1.2 additional payments required by law or contract	37.80	32.80	+ 5.00	+15.2	improvements above inflation
1.3 voluntary payments	24.40	22.10	+ 7.30	+33.0	additional income,
subtotal 1	197.03	105.27	+31.76	+19.2	
2. <u>legally required and contractual fringe benefits</u>	26.00	22.40	+3.60	+16.1	contributions to social security
3. <u>voluntary fringe benefits</u>					
3.1 pensions	22.80	12.00	+10.80	+40.0	old age security, pension payments,
3.2 training and development	.66	.43	+ .23	+53.5	development of 500 employees,
3.3 other social services	3.08	2.82	+ .26	+ 9.2	employee housing and improvement of working climate,
3.4 improvement in working conditions	1.70	1.11	+ .59	+53.2	safety and health improvements,
3.5 others	.98	.67	+ .31	+46.2	improvement in employee information,
subtotal 3	29.22	17.03	+12.91	+71.6	
4. <u>employee representation</u>	1.03	.94	+ .09	+ 7.6	representation of employees in affairs of the enterprise,
intermediate amount	253.28	205.64	+47.64	+23.2	
minus corrections to avoid double counts	- 1.14	- 1.03	- .11	-10.8	
Total I	252.14	204.61	+47.53	+23.2	
II. <u>Additions to voluntary Capital Reserve</u>	9.90	9.52	+ .38	+ 4.0	maintenance of company
III. <u>Dividend to Stockholders</u>	10.00	10.00	0	0	stable yield for equity capital
TOTAL FOR AREA OF INTERNAL RELATIONS	272.04	224.13	+47.91	+21.4	

TYPE OF PERFORMANCE	EXPENSES				BENEFITS TO SOCIETY BRIEF DESCRIPTION
	CHANGES				
	1974	1973	MIL.DM	MIL.DM	
B. Area of External Relations					
I. Research and Development					
1. search for new locations	6.35	2.80	+ 3.55	+126.8	securing energy supplies,
2. sulphur-emission reduction	1.70	1.30	+ .40	+ 30.8	reduction of emissions,
3. power plant by products	1.19	.52	+ .62	+108.8	waste utilization,
4. pressure-coal-gasification	25.25	18.50	+ 6.75	+ 36.5	low cost energy supply and
					dust reduction by 100%, SO ₂
					reduction by 80%,
5. gas and oil extraction from coal	1.85	.06	+ 1.79	--	reduction of energy imports,
6. wide area heating system	.80	.56	+ .24	+42.9	reduction of energy imports,
					utilization of excess heat
					and environmental protec-
					tion,
7. reutilization of reactor fuel, reactor technology	7.60	2.90	+470	+162.7	securing energy supplies,
subtotal I	44.74	26.69	+18.05	+ 67.6	
II. Environmental protection at existing plants					
1. maintenance of clean air	4.70	11.59	- 6.59	- 59.4	reduction of dust emissions,
2. other anti-pollution measures	.99	1.22	- .23	- 18.8	reduction of noise pollution,
subtotal II	5.69	12.81	- 7.12	- 55.6	maintenance of clean water,
III. Relations to the general public					
1. taxes and fees	16.52	20.30	- 3.78	- 18.6	contribution to joint tasks
2. administration efforts on behalf of revenue service and health insurance	.14	.13	+ .01	+ 7.7	of society,
3. contributions and membership fees	.29	.35	- .06	- 17.1	cost reduction in government,
4. recreation facilities	.40	.26	+ .14	+ 53.9	administration and insurance,
5. public relations	.98	.60	+ .38	+ 63.3	contribution to public tasks,
subtotal III	18.33	21.64	- 3.31	- 15.3	increase in leisure value,
Total Area of External Relations	68.76	61.14	+ 7.62	+ 12.5	information of general public.
C. Summary					
A. Area of Internal Relations	272.14	204.61	+47.53	+ 23.2	
B. Area of External Relations	68.76	61.14	+ 7.62	+ 12.5	
GRAND TOTAL (pages 5 and 6)	390.80	285.27	+55.53	+ 19.5	

Appendix XII

Saarbergwerke AG

Social Report and Social Balance Sheet 1973

(30 pages)

Items reported in Social Report

1. General description of employment situation (1 page); special problems, company goals.
2. Employment by the company (2 pages); development by groups (totals) during last 5 years, reduction by groups during last fiscal year, changes in employment (groups, reasons for separation), employment changes by sectors of activity, changes in employment of foreign workers, total number of trainees.
3. Average age of employees in various groups (½ page).
4. Development of incentive pay and performance (1 page); fringe benefits provided by the company such as annual bonus for Christmas and vacation, contributions to acquire property, premium for miners, free transportation for commuters, free coal for private consumption.
5. Acquisition of property by employees (1 page); per capita amounts legally required, voluntary contributions by employees, total expenditures since inauguration of program.
6. Absentism for health reasons and accidents (1 page); development of sick leaves, total working days lost, accident rates by employee groups, fatalities.
7. Education and training (4 pages); number of apprentices employed (by groups). final exams by apprentices, new training center (total investment), qualifications of trainers, days off for schooling of apprentices, new educational program for electricians and other groups, facilities for apprenticeship training, participation of apprentices in various schooling programs, participation in pre-apprenticeship programs, number of employees retained for other jobs, participation in managerial training programs, language training, participation in programs of outside training institutions, subsidized holidays for trainees, number of successful graduations from mining academy, participation in special management programs of mining academy.
8. Employee housing (2 pages); general policy, sales of company-owned housing units to employees, counselling and free equipment lending for cooperative housing efforts, policy for low-cost or interest free loans, total amount of loans granted (by project types), participation of outside sources for housing loans, total number and utilization of company-owned rental housing units, facilities for single employees.
9. Company health and medical services (2 pages); available facilities, personnel, status of miner lung disease among employees (absolute and percentages), reassignment of employees to prevent miner's lung disease, measures to improve health conditions, preventive and remedial sanatorium vacation, first-aid services, rehabilitation facilities and their utilization, medical research into improvement of working conditions.

Items reported in Social Reporting

10. Old age security (1/2 page); changes in contributions to social security, total amounts paid by employees and employer, total contributions to accident insurance, pension payments to supplement social security (averages and total), pension payments to former white collar employees, total severance pay for separated employees.
11. Commuter service (1 page); company bus service, reimbursement of commuting expenses.
12. General and cultural services (1½ pages); utilization and total amounts of supplemental payments for hardship cases, total revenues and expenditures of supplemental fund, employment of social workers, company paid holidays for employees' children, marriage loans, death benefits paid, miners bands and choirs, company libraries, company contribution for employee parties.
13. Anniversaries (1/2 page); number and premiums paid.
14. Social balance Sheet (attempt to systematically report all expenditures. see next pages.

SOCIAL BALANCE SHEET OF SAARBERGWERKE AG FOR 1973

TYPE OF PERFORMANCE	EXPENSES 1973	
	MIL.DM	MIL.DM
<u>Area of internal relations</u>		
<u>A. Employees</u>		
I. wages and salaries		431.4
II. Fringe benefits paid directly to employees		
1. paid into all employees		
a) Christmas bonus	18.0	
b) Vacation pay	6.7	
c) reimbursement for commuting expenses or bus services	12.9	
d) contribution for acquisition of property (employers share)	6.7	
e) payments in kind	20.0	
subtotal II, 1	64.3	
2. paid for special occasions		
a) suggestion and inventors premium	.1	
b) anniversaries	1.7	
c) premium for special performance	.3	
d) death benefits and hardship case payments	.4	
subtotal II, 2	2.5	66.8
III. Fringe benefits paid indirectly (including contribution to pension and survivors scheme)		
a) employers social security contribution	66.6	
b) employers contribution to health insurance	23.4	
c) employers contribution to unemployment insurance	.7	
d) accident insurance (Berufsgenossenschaft)	34.4	
e) expenses for pension reserve accumulation and pensions paid	61.1	
f) severance payments	17.8	204.0
IV. <u>Benefits paid to employees as a group</u>		
1. medical and physiological services		
a) work needs and physiological services	3.3	
b) childrens holidays and family care	.6	
c) safety improvements in mines	16.6	
d) first-aid station	1.7	
subtotal IV, I	22.2	
total brought forward	22.2	701.2

total brought forward	22.2	701.2
2. Education and development		
a) job training and mining academy	11.3	
b) apprenticeship stipends	6.5	
c) wages and supplements for training and development	3.5	
subtotal IV, 2	21.3	
3. Employee housing		
a) housing payments by company	5.9	
b) housing foundation	.6	
subtotal IV, 3	6.5	
4. Other benefits		
a) working clothes	3.3	
b) subsidies for cafeterias	.3	
c) parties, bands etc.	.3	
d) employee information services	.4	
e) other items	1.1	
subtotal IV, 4	5.4	55.4
Subtotal I-IV		757.6
Correction to avoid double counts		(9.7)
TOTAL FOR AREA OF INTERNAL RELATIONS		747.9

TYPE OF PERFORMANCE	EXPENSES 1973	
	Mil.DM	Mil.DM
A. <u>Public and Environment</u>		
I. Research and Development		2.0
II. Public Relations and Donations		1.4
III. Environmental Protection		
1. clean air maintenance	4.6	
2. water protection	2.3	
3. solid waste removal	14.4	
4. noise abatement	.6	
5. nature beautification and maintenance	16.7	
subtotal III		38.6
Subtotal B		42.0
C. <u>Federal, State, and Local Government, Authorities</u> <u>and Associations</u>		
1. taxes	51.7	
2. fees	.7	
3. membership contributions	4.5	
4. levy for European Coal and Steel authority (Montan-Union)	1.5	58.4
TOTAL FOR AREA OF EXTERNAL RELATIONS		100.4
GRAND TOTAL INTERNAL AND EXTERNAL RELATIONS		847.3

IV. FOOTNOTES

¹The earlier social legislation, i.e., in Germany was enacted under Bismark in the latter part of the 19th century (1883 health insurance, 1884 accident insurance and 1889 old age and disability insurance).

²For detailed statistics see U. Pleiss, Sozialleistungen, betriebliche, in E. Gaugler (ed.), Handwörterbuch der Personalwirtschaft, Stuttgart 1975, pp. 1821-1834.

³This is of particular importance in continental Europe, because bearer shares are the regular case. Therefore, the company has no knowledge who owns its shares and must rely on published annual reports to inform its shareholders.

⁴For details of this legislation see H. M. Schoenfeld, New German Regulations for the Publication of Financial Statements, The International Journal of Accounting, Vol. 5, No. 2, Spring, 1970, pp. 64-88.

⁵A detailed discussion suggesting a labor oriented theory of business administration, which would require also a reorientation of accounting to their new political goals, can be found in: Project Group in WSI, Grundelemente einer arbeitsorientierten Einzelwirtschaftslehre--Ein Beitrag zur politischen Ökonomie der Unternehmung, Köln, 1974.

⁶Betriebsverfassungsgesetz (Betr. V.G.) of Nov. 11, 1952 as amended on January 19, 1972; this law regulates size, election and functions of labor representations (shop steward committees), the employee representation on the board of directors (1/3 of directors), and requires annual meetings of all employees. The Mitbestimmungsgesetz (Mit Best. G) of May 21, 1951 as amended on Aug. 7, 1956, and April 27, 1967, requires a labor member on the managing board (Arbeitsdirektor) and at least 5 labor representatives on the board of directors (with 5 stockholder representatives and a neutral chairman). Specific information requirements are stated in §§81-86 for individuals and §§106-113 Betr.V.G. for all employees. The information requirements in general concern all personnel matters, and social matters as well as information concerning the economic situation of the company, provided no necessary secrecy requirements are violated. Economic information has to be given in writing at least quarterly.

⁷Aktiengesetz (Akt.G.) of Sept. 6, 1965, §160.

⁸Adler, Düring, Schmaltz, Rechnungslegung und Prüfung der Aktiengesellschaft, 4th ed., Vol. 1, Stuttgart, 1968, p. 760.

⁹R. W. Estes, A Comprehensive Corporate Social Reporting Model, in L. J. Seidler and L. J. Seidler, Social Accounting, Theory, Issues, Cases, Los Angeles 1975, p. 186.

¹⁰In Germany company names were suggested by Prof. Gaugler, University of Mannheim and Prof. K. Brockhoff, University of Kiel; their suggestions were confirmed by the Foundation "Society and Enterprise" (Stiftung Gesellschaft und Unternehmen), an industrial foundation with special interest in social responsibility of business. In Switzerland company names were suggested by Prof. E. B. Blümle, University of Fribourg and confirmed by the University of Geneva in Austria, Prof. G. Seicht, Economic

University of Vienna supplied the information. This information was confirmed by leading CPA firms.

- 11The analysis of individual company reports is available on request.
- 12Brockhoff, Klaus, Gesellschaftsbezogene Berichterstattung von Unternehmen, Veröffentlichungen der Stiftung Gesellschaft und Unternehmen, Heft 3, Köln 1975.
- 13Brockhoff, Ibid, pp. 36-43.
- 14Ernst & Ernst, A Special Study of Social Measurement Disclosures in Annual Reporting, Cleveland 1973, Retrieval No. 38226.
- 15Such a proposal has been made by Ziehm, Friedrich Die Sozialbilanz-Notwendiges Führungsinstrument oder modische Neuheit?, Der Betrieb, 1974, pp. 1489-1494.
- 16Linowes, David F., An Approach to Socio Economic Accounting, Conference Board Record, Nov. 1972, p. 60.
- 17Estes, Ralph, Ibid. pp. 192-202.
- 18Ernst & Ernst, Accounting and Reporting for Employee Benefit Plans, Financial Reporting Developments, Dec. 1975, Retrieval No. 38 387, pp. 7-9.
- 19Brockhoff, Ibid. p. 41 points out these differences.
- 20For this concept see Report of the Committee on Measures of Effectiveness for Social Progress of the AAA, Accounting Review, Supplement to Vol. XLVII, 1972, pp. 337-396.
- 21Linowes, David F., The Accounting Profession and Social Progress, The Journal of Accountancy, July 1973, p. 37.
- 22This opinion is also expressed by Wysocki, K. v., Das Unternehmen in seiner Umwelt: Möglichkeiten und Grenzen der Sozialbilanz, Bericht über die Fachtagung 1974 des Instituts der Wirtschaftsprüfer, Düsseldorf, 1974.
- 23Details for this suggestion are discussed by Toan, Arthur B., Publicly Reporting Corporate Social Impact, in: M. Dierkes and R. A. Bauer, Corporate Social Accounting, New York 1973, pp. 327-344 and Eichborn, Peter, Gesellschaftsbezogene Unternehmensrechnung, Göttingen 1974, pp. 197-110.
- 24W. Pleiss, Freiwillige Soziale Leistungen der industriellen Unternehmung, Berlin 1960, analyses various classification schemes to systematize such expenses (pp. 197-219). The scheme shown here was developed by H. Leonek.
- 25An item appearing in annual reports was counted every time it was mentioned. Consequently, the maximum number of appearances in the case of Germany would be (16 companies times 3 annual reports = 42--minus 2 missing reports = 40) for Switzerland 27 and Austria 18. Because of the lack of quantitative implications no conversion to percentages were made.



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